Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Message Text

UNCLASSIFIED

PAGE 01 MONTEV 00381 041302Z

46
ACTION ARA-10

INFO OCT-01 ISO-00 EB-07 AID-05 TRSE-00 OMB-01 FEAE-00

INT-05 CIAE-00 INR-07 NSAE-00 RSC-01 PRS-01 /038 W
---------- 019429
R 041212Z FEB 75
FM AMEMBASSY MONTEVIDEO
TO USDOC WASHDC
INFO SECSTATE WASHDC 8167
AMEMBASSY BUENOS AIRES

UNCLAS MONTEVIDEO 0381

E.O. 11652: N/A
TAGS: BEXP, ENRG, UY
SUBJ: MAJOR PROJECTS: PALMAR HYDROELECTRIC DAM

REF: A) MVD 2473 9/28/72
B) MVD A-110 8/4/73 (NOTAL)
C) MVD 0555 3/4/74 (NOTAL)
D) MVD A-157 10/10/74
E) MVD 3473 11/27/74

1. SUMMARY: PALMAR HYDROELECTRIC DAM PROJECT IS MOVING CLOSER TO REALITY WITH RECENT VISIT OF IBRD TEAM. AT SAME TIME, PLANS FOR CONSTRUCTION OF THE 7TH THERMAL UNIT IN MONTEVIDEO HAVE BEEN SHELVED INDEFINITELY. END SUMMARY.

2. PALMAR PROJECT HAS HAD AN OFF AND ON EXISTENCE FOR OVER TEN YEARS. AT ONE POINT IT REACHED BIDDING STAGE BUT THE ONE BID RECEIVED WAS REJECTED FOR LACK OF ADEQUATE INTERNATIONAL FINANCING. REFS A-D PROVIDE FURTHER BACKGROUND. GOU APPEARS COMMITTED TO THIS PROJECT AND AN UPDATED FEASIBILITY STUDY APPARENTLY CONFIRMS THAT GREATLY INCREASED PETROLEUM COSTS AND OTHER CONSIDERATIONS HAVE NOW MADE CONSTRUCTION PALMAR HYDROELECTRIC DAM ON RIO NEGRO MORE ATTRACTIVE. IBRD HAD PREVIOUSLY BEEN RELUCTANT TO HELP FINANCE THIS MAJOR PROJECT WHILE SALTO GRANDE DAM UNDER CONSTRUCTION. IBRD DID HELP
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 MONTEV 00381 041302Z

FINANCE 6TH THERMAL UNIT IN MONTEVIDEO AS PART OF

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

OVERALL ELECTRICAL GENERATING DEVELOPMENT PROGRAM
AND TO HELP BRIDGE EXPECTED HORTFALL IN CAPACITY UNTIL
SALTO GRANDE COMPLETED. PLANS FOR 7TH THERMAL UNIT
HAVE REPORTEDLY NEW BEEN SUSPENDED INDEFINITELY DUE TO GRID
INTERCONNECTION WITH ARGENTINA.

3. ACCORDING PRESS REPORTS, IBRD TEAM DURING RECENT
VISIT HERE TOLD MINISTER OF INDUSTRY AND ENERGY THAT
IBRD WOULD CONSIDER FINANCING $80 MILLION OF THE
ESTIMATED $200 MPNLION COST. OF THE REMAINING $120
MILLION $40 MILLION WOULD COME FROM SUPPLIER CREDITS
AND $80 MILLION FOR LOCAL COSTS WOULD COME FROM GOU
RESURCES.

4. IF PROJECT DEVELOPS AS HOPED PALMAR WOULD BEGIN TO
PRODUCE ELECTRICITY IN 1981 OR 1982. EXPECTED SHORTFALL
IN URUGUAYAN ELECTRICITY UNTIL SALTO GRANDE BEGINS
PRODUCING (1980) WILL BE MET BY ELECTRICITY FROM
ARGENTINA THROUGH SOUTHERN CIRCUIT (ROSARIO-COLONIA ELIA-
SAN JAVIER-MONTEVIDEO) OFPROPOSED POWER GRID (REF E) IN 1978.

5. WHILE PALMAR PROJECT NOW APPARENTLY HAS GREEN LIGHT
FROM TECHNICAL POINT OF VIEW, IBRD WILL NOT
NEGOTIATE A LOAN UNTIL SUCH TIME AS GOU AND IMF/IBRD
REACH AGREEMENT ON AN ACCEPTABLE MACROECONOMIC PROGRAM
FOR THIS COUNTRY. GOU IS PRESENTLY WORKING ON SUCH A
PROGRAM AND IF ADOPTED WILL PRESUMABLY LEAD T AN IBRD
TEAM RETURNING TO URUGUAY TO WRITE THE LOAN PAPER AND
PRESENTING IT TO THE IBRD'S BOARD OF DIRECTORS FOR
APPROVAL. IT IS ESTIMATED THAT SHOULD THIS OCCUR BIDS
WILL BE LET IN EARLY 1976, AND SHOULD REPRESENT IMPORTANT
SALES OPPORTUNITIES FOR U.S. SUPPLIERS.
SIRACUSA

UNCLASSIFIED

NNN

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC ASSISTANCE, HYDROELECTRIC POWER PLANTS, DAMS, PROGRAMS (PROJECTS)
Control Number: n/a
Copy: SINGLE
Draft Date: 04 FEB 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975MONTEV00381
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750040-0600
From: MONTEVIDEO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750274/aaaacowr.tel
Line Count: 94
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 75 MVD 2473, 75 9/28/72
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 16 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 APR 2003 by RuthemTJ>; APPROVED <12 JAN 2004 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MAJOR PROJECTS: PALMAR HYDROELECTRIC DAM
TAGS: BEXP, ENRG, UY, IBRD
To: COM
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006